

[107H2630]

.....
(Original Signature of Member)

108TH CONGRESS
2ND SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. DINGELL (for himself, [insert names of cosponsors from attached list])
) introduced the following bill; which was referred to the Committee on

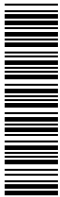
A BILL

To amend titles XIX and XXI of the Social Security Act
to provide for FamilyCare coverage for parents of en-
rolled children, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE OF TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “FamilyCare Act of 2004”.



1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

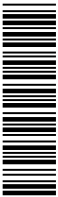
- Sec. 1. Short title of title; table of contents.
- Sec. 2. Renaming of title XXI program.
- Sec. 3. FamilyCare coverage of parents and pregnant women under the med-
icaid program and title XXI.
- Sec. 4. Automatic enrollment of children born to title XXI parents.
- Sec. 5. Optional coverage of legal immigrants under the medicaid program and
title XXI.
- Sec. 6. Optional coverage of children through age 20 under the medicaid pro-
gram and title XXI.
- Sec. 7. Allowing States to simplify rules for families.
- Sec. 8. Revision and simplification of the transitional medical assistance pro-
gram (TMA).
- Sec. 9. Limitations on conflicts of interest.
- Sec. 10. Increase in CHIP allotment for each of fiscal years 2002 through
2004.
- Sec. 11. Demonstration programs to improve medicaid and CHIP outreach to
homeless individuals and families.
- Sec. 12. Additional CHIP revisions.
- Sec. 13. Increased federal reimbursement for language services under the med-
icaid program and title XXI.

3 **SEC. 2. RENAMING OF TITLE XXI PROGRAM.**

4 (a) IN GENERAL.—The heading of title XXI of the
5 Social Security Act (42 U.S.C. 1397aa et seq.) is amended
6 to read as follows:

7 “TITLE XXI—FAMILYCARE PROGRAM”.

8 (b) PROGRAM REFERENCES.—Any reference in any
9 provision of Federal law or regulation to “SCHIP” or
10 “State children’s health insurance program” under title
11 XXI of the Social Security Act shall be deemed a reference
12 to the FamilyCare program under such title.



1 **SEC. 3. FAMILYCARE COVERAGE OF PARENTS AND PREG-**
2 **NANT WOMEN UNDER THE MEDICAID PRO-**
3 **GRAM AND TITLE XXI.**

4 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-
5 ERAGE.—

6 (1) UNDER MEDICAID.—

7 (A) ESTABLISHMENT OF NEW OPTIONAL
8 ELIGIBILITY CATEGORY.—Section
9 1902(a)(10)(A)(ii) of the Social Security Act
10 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

11 (i) by striking “or” at the end of sub-
12 clause (XVII);

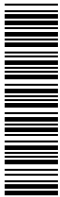
13 (ii) by adding “or” at the end of sub-
14 clause (XVIII); and

15 (iii) by adding at the end the fol-
16 lowing:

17 “(XIX) who are individuals de-
18 scribed in subsection (k)(1) (relating
19 to parents of categorically eligible chil-
20 dren);”.

21 (B) PARENTS DESCRIBED.—Section 1902
22 of the Social Security Act is further amended
23 by inserting after subsection (j) the following:

24 “(k)(1)(A) Individuals described in this paragraph
25 are individuals—



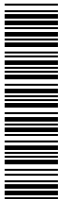
1 “(i) who are the parents of an individual who
2 is under 19 years of age (or such higher age as the
3 State may have elected under section 1902(l)(1)(D))
4 and who is eligible for medical assistance under sub-
5 section (a)(10)(A);

6 “(ii) who are not otherwise eligible for medical
7 assistance under such subsection or under a waiver
8 approved under section 1115 or otherwise (except
9 under section 1931 or under subsection
10 (a)(10)(A)(ii)(XIX)); and

11 “(iii) whose family income or resources exceeds
12 the effective income level or resource level applicable
13 under the State plan under part A of title IV as in
14 effect as of July 16, 1996, but does not exceed the
15 highest effective income or resource level (if any) ap-
16 plicable to a child in the family under this title.

17 “(B) In establishing an income eligibility level for in-
18 dividuals described in this paragraph, a State may vary
19 such level consistent with the various income levels estab-
20 lished under subsection (l)(2) in order to ensure, to the
21 maximum extent possible, that such individuals shall be
22 enrolled in the same program as their children.

23 “(C) An individual may not be treated as being de-
24 scribed in this paragraph unless, at the time of the individ-
25 ual’s enrollment under this title, the child referred to in



1 subparagraph (A)(i) of the individual is also enrolled
2 under this title or otherwise insured.

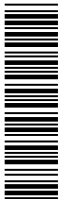
3 “(D) In this subsection, the term ‘parent’ includes
4 an individual treated as a caretaker for purposes of car-
5 rying out section 1931.

6 “(E) In this subsection, the term ‘effective income
7 level’ means the income level expressed as a percent of
8 the poverty line and considering applicable income dis-
9 regards.

10 “(2) The State shall provide for coverage of a parent
11 described in paragraph (1) or section 2111 of a child who
12 is covered under this title or title XXI under the same
13 title as the title as such child is covered. In the case of
14 a parent described in paragraph (1) who is also the parent
15 of a child who is eligible for child health assistance under
16 title XXI, the State may elect (on a uniform basis) to
17 cover all such parents under section 2111 or under this
18 title.”.

19 (C) ENHANCED MATCHING FUNDS AVAIL-
20 ABLE IF CERTAIN CONDITIONS MET.—Section
21 1905 of the Social Security Act (42 U.S.C.
22 1396d) is amended—

23 (i) in the fourth sentence of sub-
24 section (b), by striking “or subsection



1 (u)(3)” and inserting “, (u)(3), or
2 (u)(4)(A)”;

3 (ii) in subsection (u)—

4 (I) by redesignating paragraph
5 (4) as paragraph (6), and

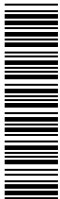
6 (II) by inserting after paragraph
7 (3) the following:

8 “(4) For purposes of subsection (b) and section
9 2105(a)(1):

10 “(A) FAMILYCARE PARENTS.—The expendi-
11 tures described in this subparagraph are the expend-
12 itures described in the following clauses (i) and (ii):

13 “(i) PARENTS.—If the conditions described
14 in clauses (iii) and (iv) are met, expenditures
15 for medical assistance for parents described in
16 section 1902(k)(1) and for parents who would
17 be described in such section but for the fact
18 that they are eligible for medical assistance
19 under section 1931 or under a waiver approved
20 under section 1115.

21 “(ii) CERTAIN PREGNANT WOMEN.—If the
22 conditions described in clause (v) are met, ex-
23 penditures for medical assistance for pregnant
24 women described in subsection (n) or under sec-
25 tion 1902(l)(1)(A) in a family the income of



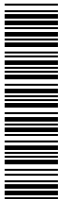
1 which exceeds the effective income level applica-
2 ble under subsection (a)(10)(A)(i)(III) or
3 (l)(2)(A) of section 1902 to a family of the size
4 involved as of January 1, 2005.

5 “(iii) CONDITIONS RELATING TO ENSURING
6 CHILDREN’S COVERAGE FOR ENHANCED MATCH
7 FOR PARENTS.—The conditions described in
8 this clause are the following:

9 “(I) The State has a State child
10 health plan under title XXI which (wheth-
11 er implemented under such title or under
12 this title) has an effective income level for
13 children that is at least 200 percent of the
14 poverty line.

15 “(II) Such State child health plan
16 does not limit the acceptance of applica-
17 tions, does not use a waiting list for chil-
18 dren who meet eligibility standards to
19 qualify for assistance, and provides bene-
20 fits to all children in the State who apply
21 for and meet eligibility standards.

22 “(III) Effective for determinations of
23 eligibility made on or after the date that is
24 1 year after the date of the enactment of
25 this clause, the application and renewal

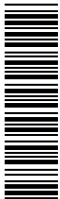


1 procedures for individuals under 19 years
2 of age (or such higher age as the State has
3 elected under section 1902(l)(1)(D)) for
4 medical assistance under section
5 1902(a)(10)(A) are not be more restrictive
6 or burdensome than such procedures used
7 for children with higher income under the
8 State child health plan under title XXI.

9 “(iv) CONDITIONS RELATING TO MINIMUM
10 COVERAGE FOR PARENTS FOR ENHANCED
11 MATCH FOR PARENTS.—The conditions de-
12 scribed in this clause are the following:

13 “(I) The State does not apply an in-
14 come level for parents that is lower than
15 the effective income level (expressed as a
16 percent of the poverty line) that has been
17 specified under the State plan under title
18 XIX (including under a waiver authorized
19 by the Secretary or under section
20 1902(r)(2)), as of January 1, 2005, to be
21 eligible for medical assistance as a parent
22 under this title.

23 “(II) The State plans under this title
24 and title XXI do not provide coverage for
25 parents with higher family income without



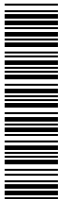
1 covering parents with a lower family in-
2 come.

3 “(v) CONDITIONS FOR ENHANCED MATCH
4 FOR CERTAIN PREGNANT WOMEN.—The condi-
5 tions described in this clause are the following:

6 “(I) The State has established an ef-
7 fective income eligibility level for pregnant
8 women under subsection (a)(10)(A)(i)(III)
9 or (l)(2)(A) of section 1902 that is at least
10 185 percent of the poverty line.

11 “(II) The State plans under this title
12 and title XXI do not provide coverage for
13 pregnant women described in subpara-
14 graph (A)(ii) with higher family income
15 without covering such pregnant women
16 with a lower family income.

17 “(III) The State does not apply an in-
18 come level for pregnant women that is
19 lower than the effective income level that
20 has been specified under the State plan
21 under subsection (a)(10)(A)(i)(III) or
22 (l)(2)(A) of section 1902, as of January 1,
23 2005, to be eligible for medical assistance
24 as a pregnant woman.



1 “(IV) The State satisfies the condi-
2 tions described in subclauses (I) and (II)
3 of clause (iii).

4 “(vi) DEFINITIONS.—For purposes of this
5 subsection:

6 “(I) The term ‘parent’ has the mean-
7 ing given such term for purposes of section
8 1902(k)(1).

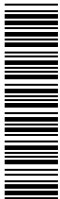
9 “(II) The term ‘poverty line’ has the
10 meaning given such term in section
11 2110(c)(5).”.

12 (D) APPROPRIATION FROM TITLE XXI AL-
13 LOTMENT FOR CERTAIN MEDICAID EXPANSION
14 COSTS.—Section 2105(a) of the Social Security
15 Act (42 U.S.C. 1397ee(a)) is amended—

16 (i) in paragraph (1), by redesignating
17 subparagraphs (B) through (D) as sub-
18 paragraphs (C) through (E), respectively,
19 and by inserting after subparagraph (A)
20 the following new subparagraph:

21 “(B) for medical assistance that is attrib-
22 utable to expenditures described in section
23 1905(u)(4)(A);”; and

24 (ii) in paragraph (2), by adding at the
25 end the following new subparagraph:



1 “(E) Fifth, for expenditures for items de-
2 scribed in paragraph (1)(E).”.

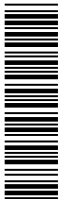
3 (E) INCREASING ENHANCED FMAP TO 100
4 PERCENT FOR FISCAL YEARS 2005 AND 2006 FOR
5 COVERAGE OF PARENTS.—Section 2105(b) of
6 such Act (42 U.S.C. 1397ee(b)) is amended by
7 adding at the end the following new sentence:
8 “Notwithstanding the previous sentence, the
9 ‘enhanced FMAP’ shall be 100 percent with re-
10 spect to medical assistance under title XIX for
11 expenditures described in section
12 1905(u)(4)(A)(i), but only for such assistance
13 furnished during fiscal year 2005 and fiscal
14 year 2006.”.

15 (2) UNDER TITLE XXI.—

16 (A) FAMILYCARE COVERAGE.—Title XXI
17 of the Social Security Act (42 U.S.C. 1397aa et
18 seq.) is amended by adding at the end the fol-
19 lowing:

20 **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**
21 **ENTS OF TARGETED LOW-INCOME CHILDREN.**

22 “(a) OPTIONAL COVERAGE.—Notwithstanding any
23 other provision of this title, a State may provide for cov-
24 erage, through an amendment to its State child health
25 plan under section 2102, of parent health assistance for



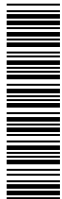
1 targeted low-income parents, health care assistance for
2 targeted low-income pregnant women, or both, in accord-
3 ance with this section, but only if—

4 “(1) with respect to the provision of parent
5 health assistance, the State meets the conditions de-
6 scribed in clause (iii) of section 1905(u)(4)(A);

7 “(2) with respect to the provision of health care
8 assistance for pregnant women, the State meets the
9 conditions described in clause (iv) of section
10 1905(u)(4)(A); and

11 “(3) in the case of parent health assistance for
12 targeted low-income parents, the State elects to pro-
13 vide medical assistance under section
14 1902(a)(10)(A)(ii)(XIX), under section 1931, or
15 under a waiver under section 1115 to individuals de-
16 scribed in section 1902(k)(1)(A)(i) and elects an ef-
17 fective income level that, consistent with paragraphs
18 (1)(B) and (2) of section 1902(k), ensures to the
19 maximum extent possible, that such individuals shall
20 be enrolled in the same program as their children if
21 their children are eligible for coverage under title
22 XIX (including under a waiver authorized by the
23 Secretary or under section 1902(r)(2)).

24 “(b) DEFINITIONS.—For purposes of this title:



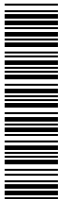
1 “(1) PARENT HEALTH ASSISTANCE.—The term
2 ‘parent health assistance’ has the meaning given the
3 term child health assistance in section 2110(a) as if
4 any reference to targeted low-income children were
5 a reference to targeted low-income parents.

6 “(2) PARENT.—The term ‘parent’ has the
7 meaning given the term ‘caretaker relative’ for pur-
8 poses of carrying out section 1931.

9 “(3) HEALTH CARE ASSISTANCE FOR PREG-
10 NANT WOMEN.—The term ‘health care assistance for
11 pregnant women’ has the meaning given the term
12 child health assistance in section 2110(a) as if any
13 reference to targeted low-income children were a ref-
14 erence to targeted low-income pregnant women.

15 “(4) TARGETED LOW-INCOME PARENT.—The
16 term ‘targeted low-income parent’ has the meaning
17 given the term targeted low-income child in section
18 2110(b) as if the reference to a child were deemed
19 a reference to a parent (as defined in paragraph (3))
20 of the child; except that in applying such section—

21 “(A) there shall be substituted for the in-
22 come level described in paragraph (1)(B)(ii)(I)
23 the applicable income level in effect for a tar-
24 geted low-income child;



1 “(B) in paragraph (3), January 1, 2005,
2 shall be substituted for July 1, 1997; and

3 “(C) in paragraph (4), January 1, 2005,
4 shall be substituted for March 31, 1997.

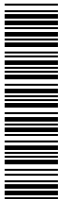
5 “(5) TARGETED LOW-INCOME PREGNANT
6 WOMAN.—The term ‘targeted low-income pregnant
7 woman’ has the meaning given the term targeted
8 low-income child in section 2110(b) as if any ref-
9 erence to a child were a reference to a woman dur-
10 ing pregnancy and through the end of the month in
11 which the 60-day period beginning on the last day
12 of her pregnancy ends; except that in applying such
13 section—

14 “(A) there shall be substituted for the in-
15 come level described in paragraph (1)(B)(ii)(I)
16 the applicable income level in effect for a tar-
17 geted low-income child;

18 “(B) in paragraph (3), January 1, 2005,
19 shall be substituted for July 1, 1997; and

20 “(C) in paragraph (4), January 1, 2005,
21 shall be substituted for March 31, 1997.

22 “(c) REFERENCES TO TERMS AND SPECIAL
23 RULES.—In the case of, and with respect to, a State pro-
24 viding for coverage of parent health assistance to targeted
25 low-income parents or health care assistance to targeted



1 low-income pregnant women under subsection (a), the fol-
2 lowing special rules apply:

3 “(1) Any reference in this title (other than in
4 subsection (b)) to a targeted low-income child is
5 deemed to include a reference to a targeted low-in-
6 come parent or a targeted low-income pregnant
7 woman (as applicable).

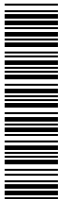
8 “(2) Any such reference to child health
9 assistance—

10 “(A) with respect to such parents is
11 deemed a reference to parent health assistance;
12 and

13 “(B) with respect to such pregnant women,
14 is deemed a reference to health care assistance
15 for pregnant women.

16 “(3) In applying section 2103(e)(3)(B) in the
17 case of a family (consisting of a parent and one or
18 more children) provided coverage under this section
19 or a pregnant woman provided coverage under this
20 section without covering other family members, the
21 limitation on total annual aggregate cost-sharing
22 shall be applied to such entire family or such preg-
23 nant woman, respectively.

24 “(4) In applying section 2110(b)(4), any ref-
25 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-



1 lected by a State)’ is deemed a reference to the ef-
2 fective income level applicable to parents under sec-
3 tion 1931 or under a waiver approved under section
4 1115, or, in the case of a pregnant woman, the in-
5 come level established under section 1902(1)(2)(A).

6 “(5) In applying section 2102(b)(3)(B), any
7 reference to children found through screening to be
8 eligible for medical assistance under the State med-
9 icaid plan under title XIX is deemed a reference to
10 parents and pregnant women.”.

11 (B) ADDITIONAL ALLOTMENT FOR STATES
12 PROVIDING FAMILYCARE.—

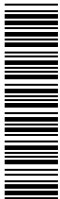
13 (i) IN GENERAL.—Section 2104 of the
14 Social Security Act (42 U.S.C. 1397dd) is
15 amended by inserting after subsection (c)
16 the following:

17 “(d) ADDITIONAL ALLOTMENTS FOR STATE PRO-
18 VIDING FAMILYCARE.—

19 “(1) APPROPRIATION; TOTAL ALLOTMENT.—
20 For the purpose of providing additional allotments
21 to States to provide FamilyCare coverage under sec-
22 tion 2111, there is appropriated, out of any money
23 in the Treasury not otherwise appropriated—

24 “(A) for fiscal year 2005, \$7,000,000,000;

25 “(B) for fiscal year 2006, \$7,000,000,000;



1 “(C) for fiscal year 2007, \$3,000,000,000;

2 “(D) for fiscal year 2008, \$3,000,000,000;

3 “(E) for fiscal year 2009, \$6,000,000,000;

4 “(F) for fiscal year 2010, \$7,000,000,000;

5 “(G) for fiscal year 2011, \$8,000,000,000;

6 “(H) for fiscal year 2012, \$9,000,000,000;

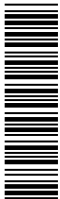
7 and

8 “(I) for fiscal year 2013 and each fiscal
9 year thereafter, the amount of the allotment
10 provided under this paragraph for the preceding
11 fiscal year increased by the percentage increase
12 (if any) in the medical care expenditure cat-
13 egory of the Consumer Price Index for All
14 Urban Consumers (United States city average).

15 “(2) STATE AND TERRITORIAL ALLOTMENTS.—

16 “(A) IN GENERAL.—In addition to the al-
17 lotments provided under subsections (b) and
18 (c), subject to paragraphs (3) and (4), of the
19 amount available for the additional allotments
20 under paragraph (1) for a fiscal year, the Sec-
21 retary shall allot to each State with a State
22 child health plan approved under this title—

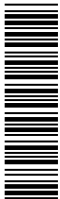
23 “(i) in the case of such a State other
24 than a commonwealth or territory de-
25 scribed in clause (ii), the same proportion



1 as the proportion of the State's allotment
2 under subsection (b) (determined without
3 regard to subsection (f)) to 98.95 percent
4 of the total amount of the allotments
5 under such section for such States eligible
6 for an allotment under this subparagraph
7 for such fiscal year; and

8 “(ii) in the case of a commonwealth or
9 territory described in subsection (c)(3), the
10 same proportion as the proportion of the
11 commonwealth's or territory's allotment
12 under subsection (c) (determined without
13 regard to subsection (f)) to 1.05 percent of
14 the total amount of the allotments under
15 such section for commonwealths and terri-
16 tories eligible for an allotment under this
17 subparagraph for such fiscal year.

18 “(B) AVAILABILITY AND REDISTRIBUTION
19 OF UNUSED ALLOTMENTS.—In applying sub-
20 sections (e) and (f) with respect to additional
21 allotments made available under this subsection,
22 the procedures established under such sub-
23 sections shall ensure such additional allotments
24 are only made available to States which have
25 elected to provide coverage under section 2111.



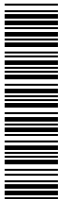
1 “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-
2 tional allotments provided under this subsection are
3 not available for amounts expended before October
4 1, 2004. Such amounts are available for amounts ex-
5 pended on or after such date for child health assist-
6 ance for targeted low-income children, as well as for
7 parent health assistance for targeted low-income
8 parents, and health care assistance for targeted low-
9 income pregnant women.

10 “(4) REQUIRING ELECTION TO PROVIDE COV-
11 ERAGE.—No payments may be made to a State
12 under this title from an allotment provided under
13 this subsection unless the State has made an elec-
14 tion to provide parent health assistance for targeted
15 low-income parents, or health care assistance for
16 targeted low-income pregnant women.”.

17 (ii) CONFORMING AMENDMENTS.—
18 Section 2104 of the Social Security Act
19 (42 U.S.C. 1397dd) is amended—

20 (I) in subsection (a), by inserting
21 “subject to subsection (d),” after
22 “under this section,”;

23 (II) in subsection (b)(1), by in-
24 serting “and subsection (d)” after
25 “Subject to paragraph (4)”; and



1 (III) in subsection (c)(1), by in-
2 serting “subject to subsection (d),”
3 after “for a fiscal year,”.

4 (C) NO COST-SHARING FOR PREGNANCY-
5 RELATED BENEFITS.—Section 2103(e)(2) of
6 the Social Security Act (42 U.S.C.
7 1397cc(e)(2)) is amended—

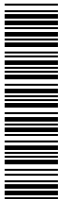
8 (i) in the heading, by inserting “AND
9 PREGNANCY-RELATED SERVICES” after
10 “PREVENTIVE SERVICES”; and

11 (ii) by inserting before the period at
12 the end the following: “and for pregnancy-
13 related services”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this subsection apply to items and services fur-
16 nished on or after October 1, 2004, whether or not
17 regulations implementing such amendments have
18 been issued.

19 (b) RULES FOR IMPLEMENTATION BEGINNING WITH
20 FISCAL YEAR 2006.—

21 (1) EXPANSION OF AVAILABILITY OF EN-
22 HANCED MATCH UNDER MEDICAID FOR PRE-CHIP
23 EXPANSIONS.—Paragraph (4) of section 1905(u) of
24 the Social Security Act (42 U.S.C. 1396d(u)), as in-
25 serted by subsection (a)(1)(C), is amended—

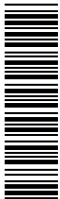


1 (A) by amending clause (ii) of subpara-
2 graph (A) to read as follows:

3 “(ii) CERTAIN PREGNANT WOMEN.—Ex-
4 penditures for medical assistance for pregnant
5 women under section 1902(l)(1)(A) in a family
6 the income of which exceeds the 133 percent of
7 the income official poverty line, but only if the
8 income level established under section
9 1902(l)(2) (or under a Statewide waiver under
10 section 1115) for pregnant women is 185 per-
11 cent of the income official poverty line.”; and

12 (B) by adding at the end the following:

13 “(B) CHILDREN IN FAMILIES WITH INCOME
14 ABOVE MEDICAID MANDATORY LEVEL NOT PRE-
15 VIOUSLY DESCRIBED.—The expenditures described
16 in this subparagraph are expenditures (other than
17 expenditures described in paragraph (2) or (3)) for
18 medical assistance made available to any child who
19 is eligible for assistance under section
20 1902(a)(10)(A) (other than under clause (i)) and
21 the income of whose family exceeds the minimum in-
22 come level required under subsection 1902(l)(2) (or,
23 if higher, the minimum level required under section
24 1931 for that State) for a child of the age involved



1 (treating any child who is 19 or 20 years of age as
2 being 18 years of age).”.

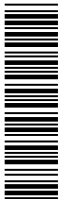
3 (2) OFFSET OF ADDITIONAL EXPENDITURES
4 FOR ENHANCED MATCH FOR PRE-CHIP EXPAN-
5 SION.—Section 1905 of the Social Security Act (42
6 U.S.C. 1396d) is amended—

7 (A) in the fourth sentence of subsection
8 (b), by inserting “(except in the case of expend-
9 itures described in subsection (u)(5))” after “do
10 not exceed”;

11 (B) in subsection (u), by inserting after
12 paragraph (4) (as inserted by subparagraph
13 (C)), the following:

14 “(5) For purposes of the fourth sentence of sub-
15 section (b) and section 2105(a), the following payments
16 under this title do not count against a State’s allotment
17 under section 2104:

18 “(A) REGULAR FMAP FOR EXPENDITURES FOR
19 PREGNANT WOMEN WITH INCOME ABOVE 133 PER-
20 CENT OF POVERTY.—The portion of the payments
21 made for expenditures described in paragraph
22 (4)(A)(ii) that represents the amount that would
23 have been paid if the enhanced FMAP had not been
24 substituted for the Federal medical assistance per-
25 centage.



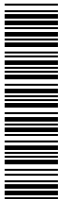
1 “(B) FAMILYCARE PARENTS.—Payments for
2 expenditures described in paragraph (4)(A)(i).

3 “(C) REGULAR FMAP FOR EXPENDITURES FOR
4 CERTAIN CHILDREN IN FAMILIES WITH INCOME
5 ABOVE MEDICAID MANDATORY LEVEL.—The portion
6 of the payments made for expenditures described in
7 paragraph (4)(B) that represents the amount that
8 would have been paid if the enhanced FMAP had
9 not been substituted for the Federal medical assist-
10 ance percentage.”.

11 (B) CONFORMING AMENDMENTS.—Sub-
12 paragraph (B) of section 2105(a)(1) of the So-
13 cial Security Act, as amended by subsection
14 (a)(1)(D), is amended to read as follows:

15 “(B) CERTAIN FAMILYCARE PARENTS AND
16 OTHERS.—Expenditures for medical assistance
17 that is attributable to expenditures described in
18 section 1905(u)(4), except as provided in sec-
19 tion 1905(u)(5).”.

20 (3) EFFECTIVE DATE.—The amendments made
21 by this subsection apply as of October 1, 2005, to
22 fiscal years beginning on or after such date and to
23 expenditures under the State plan on and after such
24 date, whether or not regulations implementing such
25 amendments have been issued.



1 (c) MAKING TITLE XXI BASE ALLOTMENTS PERMA-
2 NENT.—Section 2104(a) of the Social Security Act (42
3 U.S.C. 1397dd(a)) is amended—

4 (1) by striking “and” at the end of paragraph
5 (9);

6 (2) by striking the period at the end of para-
7 graph (10) and inserting “; and”; and

8 (3) by adding at the end the following:

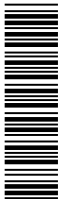
9 “(11) for fiscal year 2008 and each fiscal year
10 thereafter, the amount of the allotment provided
11 under this subsection for the preceding fiscal year
12 increased by the percentage increase (if any) in the
13 medical care expenditure category of the Consumer
14 Price Index for All Urban Consumers (United States
15 city average).”.

16 (d) GAO STUDY.—

17 (1) STUDY.—The Comptroller General of the
18 United States shall conduct a study regarding fund-
19 ing under title XXI of the Social Security Act that
20 examines—

21 (A) the adequacy of overall funding under
22 such title;

23 (B) the formula for determining allotments
24 and for redistribution of unspent funds under
25 such title; and



1 (C) the effect of waiting lists and caps on
2 enrollment under such title.

3 (2) REPORT.—Not later than July 1, 2006, the
4 Comptroller General shall submit a report on the
5 study conducted under paragraph (1). Such report
6 shall include recommendations regarding a better
7 mechanism for determining State allotments and re-
8 distribution of unspent funds under such title in
9 order to ensure all eligible families in need can ac-
10 cess coverage through such title.

11 (e) CONFORMING AMENDMENTS.—

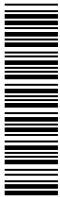
12 (1) ELIGIBILITY CATEGORIES.—Section
13 1905(a) of the Social Security Act (42 U.S.C.
14 1396d(a)) is amended, in the matter before para-
15 graph (1)—

16 (A) by striking “or” at the end of clause
17 (xii);

18 (B) by inserting “or” at the end of clause
19 (xiii); and

20 (C) by inserting after clause (xiii) the fol-
21 lowing:

22 “(xiv) who are parents described (or treated as
23 if described) in section 1902(k)(1),”.



(2) INCOME LIMITATIONS.—Section 1903(f)(4) of the Social Security Act (42 U.S.C. 1396b(f)(4)) is amended—

4 (A) effective October 1, 2005, by inserting
5 “1902(a)(10)(A)(i)(VIII),” after
6 “1902(a)(10)(A)(i)(VII),”; and
7 (B) by inserting
8 “1902(a)(10)(A)(ii)(XIX),” after
9 “1902(a)(10)(A)(ii)(XVIII),”.

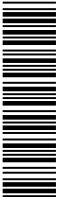
(3) CONFORMING AMENDMENT RELATING TO
NO WAITING PERIOD FOR PREGNANT WOMEN.—Sec-
tion 2102(b)(1)(B) of the Social Security Act (42
U.S.C. 1397bb(b)(1)(B)) is amended—

14 (A) by striking “, and” at the end of
15 clause (i) and inserting a semicolon;

16 (B) by striking the period at the end of
17 clause (ii) and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(iii) may not apply a waiting period
20 (including a waiting period to carry out
21 paragraph (3)(C)) in the case of a targeted
22 low-income parent who is pregnant.”.



1 **SEC. 4. AUTOMATIC ENROLLMENT OF CHILDREN BORN TO**
2 **TITLE XXI PARENTS.**

3 Section 2102(b)(1) of the Social Security Act (42
4 U.S.C. 1397bb(b)(1)) is amended by adding at the end
5 the following:

6 “(C) AUTOMATIC ELIGIBILITY OF CHIL-
7 DREN BORN TO A PARENT BEING PROVIDED
8 FAMILYCARE.—Such eligibility standards shall
9 provide for automatic coverage of a child born
10 to an individual who is provided assistance
11 under this title in the same manner as medical
12 assistance would be provided under section
13 1902(e)(4) to a child described in such sec-
14 tion.”.

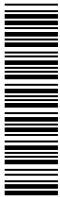
15 **SEC. 5. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
16 **UNDER THE MEDICAID PROGRAM AND TITLE**
17 **XXI.**

18 (a) MEDICAID PROGRAM.—Section 1903(v) of the
19 Social Security Act (42 U.S.C. 1396b(v)) is amended—

20 (1) in paragraph (1), by striking “paragraph
21 (2)” and inserting “paragraphs (2) and (4)”; and

22 (2) by adding at the end the following:

23 “(4)(A) A State may elect (in a plan amendment
24 under this title) to provide medical assistance under this
25 title for aliens who are lawfully residing in the United
26 States (including battered aliens described in section



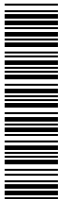
1 431(c) of the Personal Responsibility and Work Oppor-
2 tunity Reconciliation Act of 1996) and who are otherwise
3 eligible for such assistance, within any of the following eli-
4 gibility categories:

5 “(i) PREGNANT WOMEN.—Women during preg-
6 nancy (and during the 60-day period beginning on
7 the last day of the pregnancy).

8 “(ii) CHILDREN.—Children (as defined under
9 such plan), including optional targeted low-income
10 children described in section 1905(u)(2)(B).

11 “(iii) PARENTS.—If the State has elected the
12 eligibility category described in clause (ii), caretaker
13 relatives who are parents (including individuals
14 treated as a caretaker for purposes of carrying out
15 section 1931) of children (described in such clause
16 or otherwise) who are eligible for medical assistance
17 under the plan.

18 “(B)(i) In the case of a State that has elected to pro-
19 vide medical assistance to a category of aliens under sub-
20 paragraph (A), no debt shall accrue under an affidavit of
21 support against any sponsor of such an alien on the basis
22 of provision of assistance to such category and the cost
23 of such assistance shall not be considered as an unreim-
24 bursed cost.



1 “(ii) The provisions of sections 401(a), 402(b), 403,
2 and 421 of the Personal Responsibility and Work Oppor-
3 tunity Reconciliation Act of 1996 shall not apply to a
4 State that makes an election under subparagraph (A).”.

5 (b) TITLE XXI.—Section 2107(e)(1) of the Social
6 Security Act (42 U.S.C. 1397gg(e)(1)) is amended by add-
7 ing at the end the following:

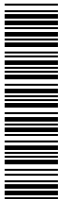
8 “(E) Section 1903(v)(4) (relating to op-
9 tional coverage of permanent resident alien chil-
10 dren and parents), but only if the State has
11 elected to apply such section to that category of
12 children under title XIX.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section take effect on October 1, 2004, and apply to
15 medical assistance and child health assistance furnished
16 on or after such date, whether or not regulations imple-
17 menting such amendments have been issued.

18 **SEC. 6. OPTIONAL COVERAGE OF CHILDREN THROUGH AGE**
19 **20 UNDER THE MEDICAID PROGRAM AND**
20 **TITLE XXI.**

21 (a) MEDICAID.—

22 (1) IN GENERAL.—Section 1902(l)(1)(D) of the
23 Social Security Act (42 U.S.C. 1396a(l)(1)(D)) is
24 amended by inserting “(or, at the election of a



1 State, 20 or 21 years of age)” after “19 years of
2 age”.

3 (2) CONFORMING AMENDMENTS.—

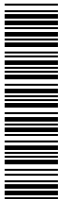
4 (A) Section 1902(e)(3)(A) of the Social Se-
5 curity Act (42 U.S.C. 1396a(e)(3)(A)) is
6 amended by inserting “(or 1 year less than the
7 age the State has elected under subsection
8 (l)(1)(D))” after “18 years of age”.

9 (B) Section 1902(e)(12) of the Social Se-
10 curity Act (42 U.S.C. 1396a(e)(12)) is amend-
11 ed by inserting “or such higher age as the State
12 has elected under subsection (l)(1)(D)” after
13 “19 years of age”.

14 (C) Section 1920A(b)(1) of the Social Se-
15 curity Act (42 U.S.C. 1396r-1a(b)(1)) is
16 amended by inserting “or such higher age as
17 the State has elected under section
18 1902(l)(1)(D)” after “19 years of age”.

19 (D) Section 1928(h)(1) of the Social Secu-
20 rity Act (42 U.S.C. 1396s(h)(1)) is amended by
21 inserting “or 1 year less than the age the State
22 has elected under section 1902(l)(1)(D)” before
23 the period at the end.

24 (E) Section 1932(a)(2)(A) of the Social
25 Security Act (42 U.S.C. 1396u-2(a)(2)(A)) is



1 amended by inserting “(or such higher age as
2 the State has elected under section
3 1902(l)(1)(D))” after “19 years of age”.

4 (b) TITLE XXI.—Section 2110(c)(1) of the Social
5 Security Act (42 U.S.C. 1397jj(c)(1)) is amended by in-
6 serting “(or such higher age as the State has elected under
7 section 1902(l)(1)(D))”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section take effect on January 1, 2005, and apply to
10 medical assistance and child health assistance provided on
11 or after such date, whether or not regulations imple-
12 menting such amendments have been issued.

13 **SEC. 7. ALLOWING STATES TO SIMPLIFY RULES FOR FAMI-**
14 **LIES.**

15 (a) PRESUMPTIVE ELIGIBILITY.—

16 (1) APPLICATION TO PRESUMPTIVE ELIGIBILITY
17 FOR PREGNANT WOMEN UNDER MEDICAID.—Section
18 1920(b) of the Social Security Act (42 U.S.C.
19 1396r–1(b)) is amended by adding at the end after
20 and below paragraph (2) the following flush sen-
21 tence:

22 “The term ‘qualified provider’ includes a qualified entity
23 as defined in section 1920A(b)(3).”.

24 (2) OPTIONAL APPLICATION OF PRESUMPTIVE
25 ELIGIBILITY PROVISIONS TO PARENTS.—Section



1 1920A of the Social Security Act (42 U.S.C. 1396r–
2 1a) is amended by adding at the end the following:
3 “(e) A State may elect to apply the previous provi-
4 sions of this section to provide for a period of presumptive
5 eligibility for medical assistance for a parent of a child
6 with respect to whom such a period is provided under this
7 section.”.

8 (3) APPLICATION UNDER TITLE XXI.—Section
9 2107(e)(1)(D) of the Social Security Act (42 U.S.C.
10 1397gg(e)(1)) is amended to read as follows:

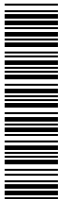
11 “(D) Sections 1920 and 1920A (relating to
12 presumptive eligibility).”.

13 (b) 12-MONTHS CONTINUOUS ELIGIBILITY.—

14 (1) MEDICAID.—Section 1902(e)(12) of the So-
15 cial Security Act (42 U.S.C. 1396a(e)(12)) is
16 amended—

17 (A) by striking “At the option of the State,
18 the plan may” and inserting “The plan shall”;

19 (B) by striking “an age specified by the
20 State (not to exceed 19 years of age)” and in-
21 serting “19 years of age (or such higher age as
22 the State has elected under subsection
23 (l)(1)(D)) or, at the option of the State, who is
24 eligible for medical assistance as the parent of
25 such a child”; and

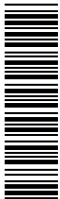


1 (C) in subparagraph (A), by striking “a
2 period (not to exceed 12 months) ” and insert-
3 ing “the 12-month period beginning on the
4 date”.

5 (2) TITLE XXI.—Section 2102(b)(2) of such
6 Act (42 U.S.C. 1397bb(b)(2)) is amended by adding
7 at the end the following: “Such methods shall pro-
8 vide continuous eligibility for children under this
9 title in a manner that is no less generous than the
10 12-months continuous eligibility provided under sec-
11 tion 1902(e)(12) for children described in such sec-
12 tion under title XIX. If a State has elected to apply
13 section 1902(e)(12) to parents, such methods may
14 provide continuous eligibility for parents under this
15 title in a manner that is no less generous than the
16 12-months continuous eligibility provided under such
17 section for parents described in such section under
18 title XIX.”.

19 (3) EFFECTIVE DATE.—The amendments made
20 by this subsection shall take effect on July 1, 2005,
21 whether or not regulations implementing such
22 amendments have been issued.

23 (c) PROVISION OF MEDICAID AND CHIP APPLICA-
24 TIONS AND INFORMATION UNDER THE SCHOOL LUNCH
25 PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell



1 National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is
2 amended—

3 (1) by striking “(B) Applications” and inserting
4 “(B)(i) Applications”; and

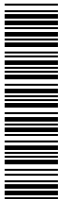
5 (2) by adding at the end the following:

6 “(ii)(I) Applications for free and reduced price
7 lunches that are distributed pursuant to clause (i) to par-
8 ents or guardians of children in attendance at schools par-
9 ticipating in the school lunch program under this Act shall
10 also contain information on the availability of medical as-
11 sistance under title XIX of the Social Security Act (42
12 U.S.C. 1396 et seq.) and of child health and FamilyCare
13 assistance under title XXI of such Act, including informa-
14 tion on how to obtain an application for assistance under
15 such programs.

16 “(II) Information on the programs referred to in sub-
17 clause (I) shall be provided on a form separate from the
18 application form for free and reduced price lunches under
19 clause (i).”.

20 **SEC. 8. REVISION AND SIMPLIFICATION OF THE TRANSI-**
21 **TIONAL MEDICAL ASSISTANCE PROGRAM**
22 **(TMA).**

23 (a) MAKING REPORTING REQUIREMENTS OPTIONAL;
24 OPTION OF EXTENDED ELIGIBILITY.—



1 (1) OPTION FOR MAKING REPORTING REQUIRE-
2 MENTS OPTIONAL.—Section 1925(b) of the Social
3 Security Act (42 U.S.C. 1396r–6(b)) is amended—

4 (A) in paragraph (1), by inserting “, at the
5 option of a State,” after “and which”;

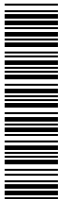
6 (B) in paragraph (2)(A), by inserting
7 “Subject to subparagraph (C)—” after “(A)
8 NOTICES.—”;

9 (C) in paragraph (2)(B), by inserting
10 “Subject to subparagraph (C)—” after “(B)
11 REPORTING REQUIREMENTS.—”;

12 (D) by adding at the end the following new
13 subparagraph:

14 “(C) STATE OPTION TO WAIVE NOTICE
15 AND REPORTING REQUIREMENTS.—A State
16 may waive some or all of the reporting require-
17 ments under clauses (i) and (ii) of subpara-
18 graph (B). Insofar as it waives such a reporting
19 requirement, the State need not provide for a
20 notice under subparagraph (A) relating to such
21 requirement.”; and

22 (E) in paragraph (3)(A)(iii), by inserting
23 “the State has not waived under paragraph
24 (2)(C) the reporting requirement with respect



1 to such month under paragraph (2)(B) and if”
2 after “6-month period if”.

3 (2) STATE OPTION TO EXTEND ELIGIBILITY
4 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-
5 TIONAL MONTHS.—Section 1925 of such Act (42
6 U.S.C. 1396r-6) is further amended—

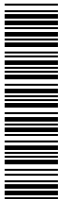
7 (A) by redesignating subsections (c)
8 through (f) as subsections (d) through (g); and

9 (B) by inserting after subsection (b) the
10 following new subsection:

11 “(c) STATE OPTION OF UP TO 12 MONTHS OF ADDI-
12 TIONAL ELIGIBILITY.—

13 “(1) IN GENERAL.—Notwithstanding any other
14 provision of this title, each State plan approved
15 under this title may provide, at the option of the
16 State, that the State shall offer to each family which
17 received assistance during the entire 6-month period
18 under subsection (b) and which meets the applicable
19 requirement of paragraph (2), in the last month of
20 the period the option of extending coverage under
21 this subsection for the succeeding period not to ex-
22 ceed 12 months.

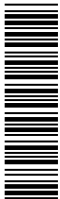
23 “(2) INCOME RESTRICTION.—The option under
24 paragraph (1) shall not be made available to a fam-
25 ily for a succeeding period unless the State deter-



1 mines that the family's average gross monthly earn-
2 ings (less such costs for such child care as is nec-
3 essary for the employment of the caretaker relative)
4 as of the end of the 6-month period under sub-
5 section (b) does not exceed 185 percent of the offi-
6 cial poverty line (as defined by the Office of Man-
7 agement and Budget, and revised annually in ac-
8 cordance with section 673(2) of the Omnibus Budget
9 Reconciliation Act of 1981) applicable to a family of
10 the size involved.

11 “(3) APPLICATION OF EXTENSION RULES.—
12 The provisions of paragraphs (2), (3), (4), and (5)
13 of subsection (b) shall apply to the extension pro-
14 vided under this subsection in the same manner as
15 they apply to the extension provided under sub-
16 section (b)(1), except that for purposes of this
17 subsection—

18 “(A) any reference to a 6-month period
19 under subsection (b)(1) is deemed a reference
20 to the extension period provided under para-
21 graph (1) and any deadlines for any notices or
22 reporting and the premium payment periods
23 shall be modified to correspond to the appro-
24 priate calendar quarters of coverage provided
25 under this subsection; and



1 “(B) any reference to a provision of sub-
2 section (a) or (b) is deemed a reference to the
3 corresponding provision of subsection (b) or of
4 this subsection, respectively.”.

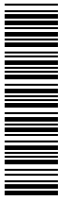
5 (b) STATE OPTION TO WAIVE RECEIPT OF MEDICAID
6 FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR TMA.—
7 Section 1925(a)(1) of such Act (42 U.S.C. 1396r–6(a)(1))
8 is amended by adding at the end the following: “A State
9 may, at its option, also apply the previous sentence in the
10 case of a family that was receiving such aid for fewer than
11 3 months, or that had applied for and was eligible for such
12 aid for fewer than 3 months, during the 6 immediately
13 preceding months described in such sentence.”.

14 (c) ELIMINATION OF SUNSET FOR TMA.—

15 (1) Subsection (g) of section 1925 of such Act
16 (42 U.S.C. 1396r–6), as redesignated under sub-
17 section (a)(2), is repealed.

18 (2) Section 1902(e)(1) of such Act (42 U.S.C.
19 1396a(e)(1)) is amended by striking “(A)
20 Notwithstanding” and all that follows through
21 “During such period, for” in subparagraph (B) and
22 inserting “For”.

23 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-
24 TION RATES UNDER TMA.—Section 1925 of such Act, as



1 amended by subsections (a)(2) and (c)(1), is amended by
2 adding at the end the following new subsection:

3 “(g) ADDITIONAL PROVISIONS.—

4 “(1) COLLECTION AND REPORTING OF PARTICI-
5 PATION INFORMATION.—Each State shall—

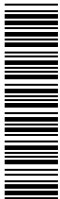
6 “(A) collect and submit to the Secretary,
7 in a format specified by the Secretary, informa-
8 tion on average monthly enrollment and average
9 monthly participation rates for adults and chil-
10 dren under this section; and

11 “(B) make such information publicly avail-
12 able.

13 Such information shall be submitted under subpara-
14 graph (A) at the same time and frequency in which
15 other enrollment information under this title is sub-
16 mitted to the Secretary. Using such information, the
17 Secretary shall submit to Congress annual reports
18 concerning such rates.”.

19 (e) COORDINATION OF WORK.—Section 1925(g) of
20 such Act, as added by subsection (d), is amended by add-
21 ing at the end the following new paragraph:

22 “(2) COORDINATION WITH ADMINISTRATION
23 FOR CHILDREN AND FAMILIES.—The Administrator
24 of the Centers for Medicare & Medicaid Services, in
25 carrying out this section, shall work with the Assist-

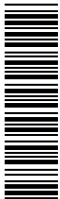


1 ant Secretary for the Administration for Children
2 and Families to develop guidance or other technical
3 assistance for States regarding best practices in
4 guaranteeing access to transitional medical assist-
5 ance under this section.”.

6 (f) ELIMINATION OF TMA REQUIREMENT FOR
7 STATES THAT EXTEND COVERAGE TO CHILDREN AND
8 PARENTS THROUGH 185 PERCENT OF POVERTY.—

9 (1) IN GENERAL.—Section 1925 of such Act is
10 further amended by adding at the end the following
11 new subsection:

12 “(h) PROVISIONS OPTIONAL FOR STATES THAT EX-
13 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH
14 185 PERCENT OF POVERTY.—A State may (but is not re-
15 quired to) meet the requirements of subsections (a) and
16 (b) if it provides for medical assistance under section 1931
17 to families (including both children and caretaker rel-
18 atives) the average gross monthly earning of which (less
19 such costs for such child care as is necessary for the em-
20 ployment of a caretaker relative) is at or below a level that
21 is at least 185 percent of the official poverty line (as de-
22 fined by the Office of Management and Budget, and re-
23 vised annually in accordance with section 673(2) of the
24 Omnibus Budget Reconciliation Act of 1981) applicable
25 to a family of the size involved.”.

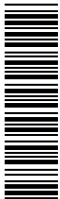


1 (2) CONFORMING AMENDMENTS.—Such section
2 is further amended, in subsections (a)(1) and (b)(1),
3 by inserting “, but subject to subsection (h),” after
4 “Notwithstanding any other provision of this title,”
5 each place it appears.

6 (g) EXTENDING USE OF OUTSTATIONED WORKERS
7 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL
8 ASSISTANCE.—Section 1902(a)(55) of such Act (42
9 U.S.C. 1396a(a)(55)) is amended by inserting “and under
10 section 1931” after “(a)(10)(A)(ii)(IX)”.

11 (h) EFFECTIVE DATES.—(1) Except as provided in
12 this subsection, the amendments made by this section shall
13 apply to calendar quarters beginning on or after the date
14 of the enactment of this Act, without regard to whether
15 or not final regulations to carry out such amendments
16 have been promulgated by such date.

17 (2) In the case of a State plan for medical assistance
18 under title XIX of the Social Security Act which the Sec-
19 retary of Health and Human Services determines requires
20 State legislation (other than legislation appropriating
21 funds) in order for the plan to meet the additional require-
22 ments imposed by the amendments made by this section,
23 the State plan shall not be regarded as failing to comply
24 with the requirements of such title solely on the basis of
25 its failure to meet these additional requirements before the



1 first day of the first calendar quarter beginning after the
2 close of the first regular session of the State legislature
3 that begins after the date of the enactment of this Act.
4 For purposes of the previous sentence, in the case of a
5 State that has a 2-year legislative session, each year of
6 such session shall be deemed to be a separate regular ses-
7 sion of the State legislature.

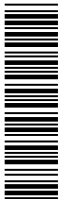
8 **SEC. 9. LIMITATIONS ON CONFLICTS OF INTEREST.**

9 (a) LIMITATION ON CONFLICTS OF INTEREST IN
10 MARKETING ACTIVITIES.—

11 (1) TITLE XXI.—Section 2105(c) of the Social
12 Security Act (42 U.S.C. 300aa–5(c)) is amended by
13 adding at the end the following:

14 “(8) LIMITATION ON EXPENDITURES FOR MAR-
15 KETING ACTIVITIES.—Amounts expended by a State
16 for the use of an administrative vendor in marketing
17 health benefits coverage to low-income children
18 under this title shall not be considered, for purposes
19 of subsection (a)(2)(D), to be reasonable costs to ad-
20 minister the plan unless the following conditions are
21 met with respect to the vendor:

22 “(A) The vendor is independent of any en-
23 tity offering the coverage in the same area of
24 the State in which the vendor is conducting
25 marketing activities.



1 “(B) No person who is an owner, em-
2 ployee, consultant, or has a contract with the
3 vendor either has any direct or indirect finan-
4 cial interest with such an entity or has been ex-
5 cluded from participation in the program under
6 this title or title XVIII or XIX or debarred by
7 any Federal agency, or subject to a civil money
8 penalty under this Act.”.

9 (b) PROHIBITION OF AFFILIATION WITH DEBARRED
10 INDIVIDUALS.—

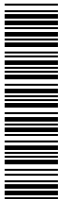
11 (1) MEDICAID.—Section 1903(i) of the Social
12 Security Act (42 U.S.C. 1396b(i))is amended—

13 (A) by striking the period at the end of
14 paragraph (20) and inserting “; or”; and

15 (B) by inserting after paragraph (20) the
16 following:

17 “(21) with respect to any amounts expended for
18 an entity that receives payments under the plan
19 unless—

20 “(A) no person with an ownership or con-
21 trol interest (as defined in section 1124(a)(3))
22 in the entity is a person that is debarred, sus-
23 pended, or otherwise excluded from partici-
24 pating in procurement or non-procurement ac-



1 tivities under the Federal Acquisition Regula-
2 tion; and

3 “(B) such entity has not entered into an
4 employment, consulting, or other agreement for
5 the provision of items or services that are mate-
6 rial to such entity’s obligations under the plan
7 with a person described in subparagraph (A).”.

8 (2) TITLE XXI.—Section 2107(e)(1) of the So-
9 cial Security Act (42 U.S.C. 1397gg(e)(1)), as
10 amended by section 5(b), is further amended—

11 (A) in subparagraph (B), by striking “and
12 (17)” and inserting “(17), and (21)”; and

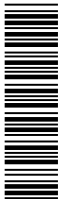
13 (B) by adding at the end the following:

14 “(F) Section 1902(a)(67) (relating to pro-
15 hibition of affiliation with debarred individ-
16 uals).”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to expenditures made on or after
19 July 1, 2005, whether or not regulations implementing
20 such amendments have been issued.

21 **SEC. 10. INCREASE IN CHIP ALLOTMENT FOR EACH OF FIS-**
22 **CAL YEARS 2002 THROUGH 2004.**

23 Effective as if included in the enactment of the Bal-
24 anced Budget Act of 1997, paragraphs (5), (6), and (7)
25 of section 2104(a) of the Social Security Act (42 U.S.C.



1 1397dd(a)) are amended by striking “\$3,150,000,000”
2 each place it appears and inserting “\$4,150,000,000”.

3 **SEC. 11. DEMONSTRATION PROGRAMS TO IMPROVE MED-**
4 **ICAID AND CHIP OUTREACH TO HOMELESS**
5 **INDIVIDUALS AND FAMILIES.**

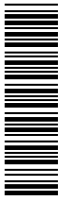
6 (a) **AUTHORITY.**—The Secretary of Health and
7 Human Services may award demonstration grants to not
8 more than 7 States (or other qualified entities) to conduct
9 innovative programs that are designed to improve out-
10 reach to homeless individuals and families under the pro-
11 grams described in subsection (b) with respect to enroll-
12 ment of such individuals and families under such pro-
13 grams and the provision of services (and coordinating the
14 provision of such services) under such programs.

15 (b) **PROGRAMS FOR HOMELESS DESCRIBED.**—The
16 programs described in this subsection are as follows:

17 (1) **MEDICAID.**—The program under title XIX
18 of the Social Security Act (42 U.S.C. 1396 et seq.).

19 (2) **CHIP.**—The program under title XXI of
20 the Social Security Act (42 U.S.C. 1397aa et seq.).

21 (3) **TANF.**—The program under part of A of
22 title IV of the Social Security Act (42 U.S.C. 601
23 et seq.).



1 (4) SAMHSA BLOCK GRANTS.—The program
2 of grants under part B of title XIX of the Public
3 Health Service Act (42 U.S.C. 300x–1 et seq.).

4 (5) FOOD STAMP PROGRAM.—The program
5 under the Food Stamp Act of 1977 (7 U.S.C. 2011
6 et seq.).

7 (6) WORKFORCE INVESTMENT ACT.—The pro-
8 gram under the Workforce Investment Act of 1999
9 (29 U.S.C. 2801 et seq.).

10 (7) WELFARE-TO-WORK.—The welfare-to-work
11 program under section 403(a)(5) of the Social Secu-
12 rity Act (42 U.S.C. 603(a)(5)).

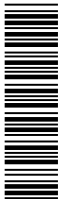
13 (8) OTHER PROGRAMS.—Other public and pri-
14 vate benefit programs that serve low-income individ-
15 uals.

16 (c) APPROPRIATIONS.—For the purposes of carrying
17 out this section, there is appropriated for fiscal year 2005,
18 out of any funds in the Treasury not otherwise appro-
19 priated, \$10,000,000, to remain available until expended.

20 **SEC. 12. ADDITIONAL CHIP REVISIONS.**

21 (a) LIMITING COST-SHARING TO 2.5 PERCENT FOR
22 FAMILIES WITH INCOME BELOW 150 PERCENT OF POV-
23 erty.—Section 2103(e)(3)(A) of the Social Security Act
24 (42 U.S.C. 1397cc(e)(3)(A)) is amended—

25 (1) by striking “and” at the end of clause (i);



1 (2) by striking the period at the end of clause
2 (ii) and inserting “; and”; and

3 (3) by adding at the end the following new
4 clause:

5 “(iii) total annual aggregate cost-
6 sharing described in clauses (i) and (ii)
7 with respect to all such targeted low-in-
8 come children in a family under this title
9 that exceeds 2.5 percent of such family’s
10 income for the year involved.”.

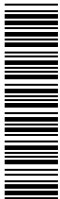
11 (b) EMPLOYER COVERAGE WAIVER CHANGES.—Sec-
12 tion 2105(c)(3) of such Act (42 U.S.C. 1397ee(c)(3)) is
13 amended—

14 (1) by redesignating subparagraphs (A) and
15 (B) as clauses (i) and (ii) and indenting appro-
16 priately;

17 (2) by designating the matter beginning with
18 “Payment may be made” as a subparagraph (A)
19 with the heading “IN GENERAL” and indenting ap-
20 propriately; and

21 (3) by adding at the end the following new sub-
22 paragraph:

23 “(B) APPLICATION OF REQUIREMENTS.—
24 In carrying out subparagraph (A)—

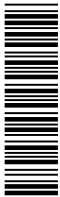


1 “(i) in determining cost-effectiveness,
2 the Secretary shall measure against family
3 coverage costs to the extent that a State
4 has expanded coverage to parents pursuant
5 to section 2111;

6 “(ii) subject to clause (iii), the State
7 shall provide satisfactory assurances that
8 the minimum benefits and cost-sharing
9 protections established under this title are
10 provided, either through the coverage
11 under subparagraph (A) or as a supple-
12 ment to such coverage; and

13 “(iii) coverage under such subpara-
14 graph shall not be considered to violate
15 clause (ii) because it does not comply with
16 requirements relating to reviews of health
17 service decisions if the enrollee involved is
18 provided the option of being provided bene-
19 fits directly under this title.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section apply as of January 1, 2005, whether or not
22 regulations implementing such amendments have been
23 issued.



1 **SEC. 13. INCREASED FEDERAL REIMBURSEMENT FOR LAN-**
2 **GUAGE SERVICES UNDER THE MEDICAID**
3 **PROGRAM AND TITLE XXI.**

4 (a) MEDICAID.—Section 1903(a)(3) of the Social Se-
5 curity Act (42 U.S.C. 1396b(a)(3)) is amended—

6 (1) in subparagraph (D), by striking “plus” at
7 the end and inserting “and”; and

8 (2) by adding at the end the following:

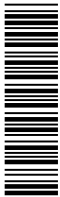
9 “(E) 90 percent of the sums expended with
10 respect to costs incurred during such quarter as
11 are attributable to the provision of language
12 services, including oral interpretation, trans-
13 lations of written materials, and other language
14 services, for individuals with limited English
15 proficiency who apply for, or receive, medical
16 assistance under the State plan; plus”.

17 (b) SCHIP.—Section 2105(a)(1) of the Social Secu-
18 rity Act (42 U.S.C.1397ee(a)) is amended—

19 (1) in the matter preceding subparagraph (A),
20 by inserting “or, in the case of expenditures de-
21 scribed in subparagraph (D)(iv), 90 percent” after
22 “enhanced FMAP”; and

23 (2) in subparagraph (D)—

24 (A) in clause (iii), by striking “and” at the
25 end;



1 (B) be redesignating clause (iv) as clause
2 (v); and

3 (C) by inserting after clause (iii) the fol-
4 lowing:

5 “(iv) for expenditures attributable to
6 the provision of language services, includ-
7 ing oral interpretation, translations of
8 written materials, and other language serv-
9 ices, for individuals with limited English
10 proficiency who apply for, or receive, child
11 health assistance under the plan; and”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section take effect on January 1, 2005.

